

St. Paul Fire and Marine
Insurance Company
Southern California Claim Office
500 S Kraemer Blvd.
Brea, CA 92821-6728
714.993.4430
U/W Fax 714.993.1054
Admin Fax 714.993.0834

Mailing Address:
P.O. Box 5000
Brea, CA 92822-5000

CERTIFIED - RETURN RECEIPT

June 8, 1998

Michael David Lichtenstein
Lowenstein, Sandler, et al.
65 Livingston Ave
Roseland NJ 07068-1791

Re: **Couer d'Alene Tribe v. Asarco, Inc., et al.**
United States of America v. Asarco, Inc., et al.
Claim Number: LC05515620-04R001
Policyholder: Marmon Holdings, Inc., et al.
Site: Coeur d'Alene River Basin

Dear Mr. Lichtenstein:

This letter is in further response to the notice given to The St. Paul Fire and Marine Insurance Company ("St. Paul") of certain actual or threatened proceedings against Group R Inc. with respect to environmental cleanup of the referenced site.

We have not received any reply to the March 18 letter I sent advising you that Group R does not appear to be an Insured under St. Paul's excess liability policy LC05516830. I have enclosed another copy of this letter for your review. If we do not hear from you prior to July 10, 1998 we will assume that you are now longer seeking coverage for Group R from St. Paul and we will close our file.

Sincerely,

The St. Paul Fire and Marine Insurance Company

Christine S. Bundy
Senior Environmental Claim Representative

CSB:ne\0313.CSB3

Members of
The St. Paul Companies:
St. Paul Fire and Marine
Insurance Company
St. Paul Mercury
Insurance Company
St. Paul Guardian
Insurance Company
The St. Paul
Insurance Company
The St. Paul
Insurance Company
of Illinois
St. Paul Property
and Casualty
Insurance Company
St. Paul Fire and Casualty
Insurance Company
St. Paul Indemnity
Insurance Company
St. Paul Insurance
Company of
North Dakota



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Members of
The St Paul Mercantile,
St Paul Fire and Marine
Insurance Company
St Paul Mercury
Insurance Company
St Paul Fire and Marine
Insurance Company
The St Paul
Fire Insurance Co.
The St Paul
Fire Insurance Co.
The St Paul
Fire Insurance Co.

The St Paul

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H Group Holdings, Inc.;
Anartic Investment Company;
Hyatt International Corporation
Meyer-Goldman Trust

Policy LC05516830 was in effect for the period of November 12, 1985 to November 1, 1986. Policy Number LC05516830 is an excess liability policy under which St. Paul's limits of liability are \$1,000,000 part of \$10,000,000 each occurrence and aggregate excess of \$10,000,000 each occurrence and \$10,000,000 aggregate.

We attempted to located Policy LC05515620 which was listed on policy LC05516830 as being the former policy number; however, due to the age of the policy and our normal records retention policy, no copy of Policy LC05515620 has been retained by St. Paul. If you have a copy of this policy, please forward it to us for review. Until we are able to review an actual copy of Policy LC05515620, we are unable to take any position regarding coverage under that policy in connection with the referenced claim.

Policy LC05516830 is an excess third party liability policy. As an excess insurer, St. Paul has no duty to respond to a claim unless and until the underlying liability limits are exhausted by settlement or judgment. The available information indicates that the underlying limits have not yet been exhausted by settlement or judgment. Consequently, St. Paul is taking no position regarding coverage in connection with the referenced claim.

Our present position is not meant to waive or invalidate any of the provisions of any policy or any of your or St. Paul's rights whatsoever. While we are not presently taking any position with respect to coverage for Marmon/Group R under St. Paul's excess liability policy, we do request your cooperation in providing us with the following information to assist us in our further investigation of this matter:

1. A history of the contacts of Marmon/Group R with any governmental entity with respect to pollution at the site. The history should include the date of the first contact with each of those agencies, what form it took and what response was made. The history should also include copies of all investigative reports in your possession and copies of all correspondence and communications that have taken place among the parties and these agencies.
2. The precise corporate structure of Marmon and Group R Inc., including but not limited to whether each is a subsidiary of any other corporation or corporations.

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3. A detailed description of the activities conducted by Marmon/Group R at the site, including, but not limited to, the type of chemicals or substances involved.
4. When did Marmon/Group R first receive notice of the potential problems at the site?
5. The identity of all insurers providing coverage to Marmon/Group R, including the name, address and phone number of the handling claim representative.
6. The names of all insurance brokers for Marmon/Group R.
7. Whether any self-insured retentions exist or existed at any relevant point in time for Marmon/Group R.
8. Whether Marmon/Group R has established any reserve for exposure at the site.
9. Please forward us periodic reports on the status of the any governmental proceeding regarding the site.
10. Please advise us of the status of any settlement negotiations and of all settlement offers and demands. With respect to any settlement negotiations, we request that you refrain from committing any funds above the applicable retained limit or the limits of the primary policy without prior notice to St. Paul.
11. Whether any administrative claims have been asserted.
12. Whether any third party bodily injury or property damage claims have been asserted.
13. Any other information you think would be helpful in analyzing this matter.

We very much appreciate your cooperation in this matter and look forward to receiving the above requested information as soon as possible. St. Paul is not taking a position at the present time regarding coverage for Marmon/Group R with respect to this matter due to the fact that we have not been provided with any information indicating that the amount of the applicable retained or other insurance limit has been paid by or on behalf of Marmon/Group R.

Neither this letter nor any investigation of this matter undertaken by St. Paul is intended to waive any rights of either Marmon/Group R or St. Paul under any St. Paul insurance pol-

icy. The above information is requested by St. Paul without prejudice to any of its rights under its policy and we hereby reserve all of those rights, including, but not limited to, the following:

1. Whether any coverage is provided to Group R Inc. under policy LC05516830.
2. Whether an occurrence/accidental event or events, as defined by the St. Paul policy has taken place.
3. Whether bodily injury, personal injury and/or property damage, as defined by the St. Paul policy has taken place.
4. Whether bodily injury, personal injury and/or property damage caused by an occurrence/accidental event or events, as defined by the St. Paul policy occurred during the policy period of that policy.
5. Whether the St. Paul policy provides coverage to the level of Marmon/Group R involvement.
6. Whether the St. Paul policy provides coverage with respect to equitable or injunctive remedies or statutory fines and penalties that may be sought against Marmon/Group R.
7. Whether the St. Paul policy provides coverage for any claims made by any national, state or local government or subdivision or agency thereof.
8. Whether the applicable limits of all underlying policies of insurance have in fact been exhausted.
9. Whether the St. Paul policy excludes coverage under the pollution exclusion.
10. Whether the notice provision of the St. Paul policy has been complied with.
11. Whether the cooperation clause of the St. Paul policy has been complied with.
12. Whether the St. Paul policy excludes coverage to property damage to (a) property owned, occupied by, or rented to Marmon/Group R, (b) property used by Marmon/Group R or (c) property in the care, custody or control of Marmon/Group R or as to which Marmon/Group R is for any purpose exercising physical control.

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13. Whether the St. Paul policy excludes coverage for liability of others assumed by Marmon/Group R under contract or agreement, oral or written.
14. Whether the St. Paul policy excludes coverage under the products and completed operations liability exclusion.
15. Whether there has been a claim or suit for covered property damage which was first made or brought during the applicable policy period or during the limited reporting period of the St. Paul policy.

St. Paul would like to maintain a continuing dialogue with Marmon/Group R and will certainly consider and evaluate whatever additional comments and further information Marmon provides St. Paul. Such ongoing communications will be without prejudice to St. Paul's position as outlined in this letter.

Sincerely,

The St. Paul Fire and Marine Insurance Company

Christine S. Bundy
Senior Environmental Claim Representative

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